U.S. Department of Agriculture
Office of the Secretary

For Immediate Release

I am very pleased to have this opportunity to join you. Secretary Bergland asked me to tell you how disappointed he is that he was unable to attend. He sends his congratulations on your 60th anniversary and hopes that you will invite him back another time.

The first thing I want to do this evening is take exception to a statement in President West's invitation.

"I fully realize," Art wrote, "that New Jersey is not a major agricultural state, such as some of the midwestern states, but agriculture still remains one of our leading industries."

I believe that it is possible to be a "major" agricultural state in ways other than production statistics. In the context of our total national food policy, New Jersey _is_ a major agricultural state.

The food industry is vast and complex. The administration of food and farm programs requires balancing many diverse and often conflicting forces -- farm income, inflation, conservation, energy, exports, nutrition programs for the needy, food marketing and distribution, and rising food prices.

Remarks prepared for delivery by James C. Webster, Acting Director, Office of Governmental and Public Affairs, before the New Jersey Farm Bureau Annual Convention, Cherry Hill, New Jersey, November 30, 1978

Under Secretary Bergland, we are seeking to balance these issues through a comprehensive food and agriculture policy. We need to follow a production policy that takes into account the nutritional needs of the American people and our export markets and increases farm income without a major shock to inflation.

When I say that New Jersey is a major agricultural state I am looking beyond production statistics. The mathematics of farming -- from production to export statistics -- are just one part of agriculture today.

New Jersey repeatedly demonstrates its concern with the total concept of food and agriculture. You are interested in farm programs and are doing important work in the areas of land use and food marketing techniques.

U.S. farmers have planted 78.5 million acres to corn in 1978 with a production of 6.9 billion bushels. New Jersey's farmers have planted 140,000 acres to corn with a production of 7,560,000 bushels.

The national soybean planted acreage is 64.4 million acres with a total production of 1.8 billion bushels. New Jersey's farmers have planted 190,000 acres to soybeans with a production of 4,810,000 bushels.

With over 70 percent of your cropland now in grains, particularly corn and soybeans, New Jersey farmers have a stake in the future of the administration's farm programs.

When Secretary Bergland took office in January 1977, he faced many serious farm challenges:

*Strengthen and stabilize farm prices.

*Reduce price-depressing surpluses created by the fence-to-fence farm policies of the mid-70's.

*Expand exports.

President Carter has committed us to solve these problems with a minimum of government involvement in producers' management decisions and without adding to inflation.

To build stability into an agricultural situation still reverberating from the "boom and bust" policies of 1973-76, Secretary Bergland has put in place programs to tailor production to the market.

He raised target prices to provide income and price protection based on actual cost-of-production. He established price supports for major crops at levels that would ensure their competitiveness on world markets.

And to build a future into an agricultural situation that for years had been reacting only to immediate strong demand for grain, to immediate record prices, and to immediate full production, the Secretary established a farmer-owned grain reserve. This program is the cornerstone of the administration's food and farm policy. It both assures consumers of adequate food supplies and is a hedge against soaring food price increases when production is low.

These non-mandatory programs give farmers the freedom to make their own economic decisions. And they are succeeding. The evidence is there.

Net farm income, which was only $21 billion in both 1976 and 1977, is expected to exceed $26 billion this year -- third highest on record. Off-farm income is expected to be a record $36 billion, with net farm income from all sources projected to be an unprecedented $61 to $62 billion.

Although debts of farmers continue to climb -- particularly for non-real estate items such as machinery and operating expenses, assets also increased in value to a record level. When debt is compared to assets, farmers are in sound financial shape.

Prices received by farmers for their products are nearly 23 percent higher than a year ago, when the omnibus farm bill was signed. Corn prices are up 18 percent; wheat is 32 percent higher; soybean prices increased 21 percent; cattle, after four years of losses, have rebounded nearly 52 percent, while hog returns to farmers continue 28 percent higher than October 1977.

In the new energy legislation, we've protected food and agriculture by guaranteeing them priority on available supplies.

The 1979 feed grain program will be about the same as the 1978 program.

Corn and sorghum producers will again be offered a 10 percent set-aside and a 10 percent diversion program. Participating corn producers will be offered a target price of $2.20 per bushel, up 10 cents from 1978, and a diversion payment of 10 cents a bushel, instead of 20 cents.

The 1979-crop soybean market support price will be $4.50 a bushel, unchanged from 1978.

The 1979 feed grain program strikes a balance. While it protects farmers from a disastrous reduction in their income, it is also fair to consumers and to taxpayers.

It is a program of the present; anti-inflationary and equitable.

In USDA we recognize -- as you have recognized in New Jersey -- that farm programs in 1989 and 1999 won't mean much unless we work together now to maintain a certain base acreage on which to produce.

Land use planning is a policy world in itself.

Like food and agriculture policy, a truly effective land use policy must take into consideration the interdependence between agriculture and the economic, social and environmental aspects of each community.

Agriculture is New Jersey's third leading source of income.

But this ranking will be hard to maintain as industrial and economic development continues to increase. New Jersey already has great demand and competition for its physical resources -- air, water, and land.

By 1972, over 1.2 million acres of New Jersey's 4.2 million acres were already developed. And it was estimated that most of the remaining usable land would be committed to development by the year 2000.

Second to human beings, our agricultural land is our most important natural resource.

U.S. farmers are now cropping about 367 million acres. They are approaching our current cropland base of 385 million acres.

A number of factors will strain our agricultural capacity as we approach the year 2000.

World population, which has exceeded 4 billion, may reach 7 billion by the end of the century. Most of this increase will be in those nations least able to feed themselves.

This means a greater demand for our commercial and food aid exports.

There is a worldwide growth in income. Greater wealth usually results in a heightened demand for animal protein diets.

We can expect increased competition for land for such purposes as mining, water supplies, and urbanization.

Although we are losing about 2.7 million crop acres each year, we are adding another 1.3 million acres with developments in expanded irrigation and drainage. That means an annual net loss of some 1.4 million acres of cropland.

Secretary Bergland has established a land use policy that recognizes the importance of preserving the nation's prime agricultural land and emphasizes the responsibilities of local people and state and local governments in this effort.

New Jersey is a leading state in trying out ways to preserve our agricultural lands.

New Jersey was the first state to try out a demonstration project using the concept of purchase development rights. I recognize there are some stumbling blocks. But perhaps more important than the program's total success is New Jersey's leadership in getting it off the drawing board and translating theory into action.

Feed grain programs and the preservation of agricultural lands are what the public would call "farm programs." We know too well that these issues affect every citizen because the economic health of the nation depends on a strong agriculture.

The public is traditionally concerned with that part of the food and fiber industry that is closer to its pocketbook -- marketing.

Retail food prices for 1978 are expected to average about 10 percent above 1977. This will put consumer expenditures for domestically produced farm foods at an estimated $201 billion.

The public always points its finger at farm prices as the culprit in rising food prices. If there is a 15 percent increase in the farm value of food, it would account for about half of a 10 percent food price increase. But higher marketing costs -- wages and executive salaries, packaging, and transportation -- would push up food prices 5 percent even if farmers didn't receive more for their products at the farm.

Of the $200 billion that consumers are spending on food in 1978, the farm value accounts for $66 billion. The food marketing bill accounts for $135 billion -- or about 68 cents of each food dollar.

That says that two-thirds of every dollar consumers are spending this year for U.S. farm-produced foods is paying to bring that food from farm-gate to check-out counter. Since 1973, consumer expenditures for farm-produced foods have increased 50 percent -- nearly $66 billion. More then three-fourths of this increase has been due to nonfarm charges for marketing the product after it left the farm.

It is clear that we need to look at more efficient food marketing systems.

New Jersey has again taken the lead with a recent study conducted jointly by USDA and Governor Byrne's Interdepartmental Committee. The study was aimed at improving wholesale food distribution facilities in northeastern New Jersey.

The inefficiencies caused by the disjointed wholesale distribution of food add to the cost of food. A modern and efficient center in New Jersey would achieve savings not possible now.

After a site is selected, USDA will assist in securing the most up-to-date plans for the distribution center.

USDA has awarded three grants to New Jersey to help it improve its marketing programs: one for $7,500 will expand and improve the information provided by New Jersey's Federal-State Fruit and Vegetable Market News Service; another of $31,800 is to study the marketing potential for dehydrated animal waste; and a third for $12,500 to survey the sale of fresh and processed New Jersey food products to foreign markets.

For the past four years, our Foreign Agricultural Service has worked with the 10 northeastern states on marketing expansion under the Eastern U.S. Agricultural and Food Export Council. Last month the Council was host to 55 Japanese buyers in New York City. It organized a food exhibit of 42 commercial firms, some of which were from New Jersey. The Japanese buyers showed strong interest in these U.S. products.

When President Carter made his televised speech on inflation last month he said, "We will continue to use our agricultural policies to sustain farm production, to maintain stable prices, and to keep inflation down."

Nowhere is agriculture's contribution to the American economy and to reversing inflation more evident than in our export record.

One-fourth of our total export earnings come from agriculture. Agricultural exports are valued at $27.3 billion this year, nearly 14 percent above last year's record.

New Jersey's export shares in 1977 were valued at almost $38 million, up $8 million from 1976.

The Secretary's recent trip to China is evidence of this administration's pursuit of an aggressive farm export and trade policy to expand export markets and to break down the barriers to international trade.

Because of our record exports, agriculture is contributing $13.4 billion this year to the U.S. balance of trade. Agricultural exports help offset our trade deficit. Without $27 billion in agricultural exports, our trade deficit would be one-third higher, our dollar would now be much weaker on foreign exchange markets, and our domestic inflation problems would be even more serious than they are.

Agriculture is everyone's business. This is nowhere more evident than in New Jersey, a very major agricultural state concerned with the total concept of food and agriculture.

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